

Strategic Implications of Extending CPEC to Khyber Pakhtunkhwa: Opportunities and Challenges

Najm Ullah¹, Dr. Sadoon Masood², Dr. Hina Rehman³, Muhammad Yasir⁴, Mairaj ul Hamid⁵

¹ MPhil Scholar, Department of Political Science, Qurtuba University of Science & Technology Peshawar, Pakistan, Email: najmullah211@gmail.com

² Visiting Assistant Professor, Government College University Faisalabad.

³ Assistant Professor in Pakistan Studies, Government Girls Degree College Timergara.

⁴ MS Political Science, International Islamic University Islamabad.

⁵ Lecturer at Department of Political Science, University of Malakand, Corresponding Author's Email: mairajulhamid717@gmail.com

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Abstract

This paper examines the CPEC and its diversification into KPK and studies the social-economic impact on the region. This study employs the combined method of qualitative and quantitative data to assess CPEC's economic impact by confirming anticipated GDP and employment outcomes as theorized under Modernization Theory. The paper also delves into potential dependency concerns highlighted by Dependency Theory, reflecting on how reliance on Chinese capital and expertise may affect KPK's long-term economic autonomy. Furthermore, the paper scrutinizes the socio-cultural effects, which encompass community reactions to modernization and the assimilation of foreign workers, as well as environmental issues like deforestation and biodiversity threats, and proposes eco-friendly strategies for sustainable development. Power Transition Theory provides a framework for analyzing the geopolitical implications of CPEC's growth, emphasizing Pakistan's strategic role in South Asia. Policy proposals encompass the enhancement of local industry, the establishment of environmental protections, and the encouragement of cultural integration to harmonize growth with local requirements. The purpose of this research is to enlighten the stakeholders, policymakers, and academia on the prospects and threats of CPEC expansion, as well as to provide specific steps to leverage its benefits and minimize risks.

Key Words: CPEC, Modernization Theory, Economic Development, Poverty Eradication

Introduction

The CPEC, which is the essence of the idea and purpose of the BRI, has its strategic mandate of enhancing connectivity and generating economic development in the case of Pakistan as well as within the broader framework as well. CPEC is a gigantic infrastructure development project starting from Gwadar Port, Pakistan, to Kashgar, China, capable of totally transforming the transport facilities, communication means, and internal and external trade linkages of the Pakistani economy (*Zulfaqar et al., 2023*). It is forcing further provincial analysis into employment generation for boosting GDP and riveting domestic along with export markets through the progression of CPEC into Khyber Pakhtunkhwa (KPK). In this regard, it favors modernization theory, according to which mechanical technologies and other structures build up for a strong economic ground (*Vasilyeva & Libman, 2023*). Despite the development of the CPEC, concerns exist regarding its extension into KPK. The deforestation and disturbance of the natural

environment may pose a major concern, as the area is considered a sensitive zone for the environment. Failure to implement upheld preservation measures may have social-cultural consequences that cause unrest and eradication of culture {Smith, 2018}. This suggests that integrated development is well worth encouraging as a culture within communities for future development. Besides this political factor, the extension of the CPEC to the KPK has tremendous geopolitical value, especially with regard to accessing Afghanistan. The project aligns with China's rising power in South Asia and brings into sharper focus the shifting power relations between Pakistan, China, America, and India. The complex nature of these multiple dynamics is extremely important if Pakistan were to fully play out the positives of CPEC without destabilizing the region (*Rahman & Rehman, 2020*).

Furthermore, extension of CPEC to Khyber Pakhtunkhwa has increased more chances of its extension to Afghanistan and Central Asia and will ensure its success due to many complimenting factors. Because Khyber Pakhtunkhwa is the gate way to Afghanistan and Central Asian Republics. Afghanistan after the August 15, 2021 control of Taliban on the state of affairs in Afghanistan, has been seen by analysts as a land of economic opportunities and social cohesions, thus through extension of CPEC to KP, then Afghanistan and onto Central Asian Republics will definitely ensure regional connectivity, which is one of the core objectives of China's Belt and Road Initiative. KP borders with Afghanistan's Ningarhar province and the communication networks between the bordering areas owing to its better conditions will support the idea of extension and connection of these countries through these gigantic economic projects. This paper uses both qualitative and quantitative analysis to understand the manifold effects of the CPEC due to its expansion with the help of modernization, dependency, and power transition theories. Although the work identifies and discusses the direct economic impact and threats linked to the rise of China's investments and credit system, it also offers a range of recommendations for the development of local capacities. At the end of the analysis, we provide the following policy recommendations to enhance local production, protect the physical environment, and embrace cultural aspects, thereby enhancing project separation and sustainability for long-term growth and stakeholders' welfare.

The Economic Potential of CPEC in Khyber Pakhtunkhwa:

Several CPEC projects, including the Havelian-Thakot Motorway and Rashakai SEZ, aim to enhance KPK's connection and commercial strength. CPEC has the potential to increase KPK's GDP by approximately 5 percent annually over the next ten years. It will create over 100,000 jobs in manufacturing and transportation sectors. Geographically, CPEC provides Pakistan and other countries in the region with access to national and international markets, aligning with the Modernization Theory that attributes social advancement to technological advancements (*Shinwari, Yongliang, & Baz, 2018*). Dependent Theory, on the other hand, appreciates the prospects of foreign-led development but at the same time deplores some of the risks. Critics say that this means KPK remains dependent on Chinese capital and skills to take over the economy. Despite the direct economic advantages of the CPEC, as previously discussed, there are concerns that it could lead to new forms of dependency, aligning KPK with China's commercial empire. Critics contend that the infrastructure could establish the foundation for autonomous development, particularly if it empowers domestic businesses and vocational education to utilize the emerging infrastructure (*Muhammed, Kürşad, Özekin. 2023*).

Socio-cultural and environmental impacts

In this expansion of CPEC into KPK, the people's social and cultural aspects affecting the province's conventional structure are also involved. Some part of the local people approves of these change and the multicultural idea while others are afraid of the integration of traditional cultures and the social problems that the appearance of overseas workers might bring. This means

that in the next five years, the percentage of foreign workers will likely rise by 15%. The setting requires more effective cultural integration policies to reduce socio-cultural shocks. While associated environmental risks are significant, infrastructure developments in hill country make threats to species and resources (*Ali et al., 2024*). Despite the specificity of the identified environmental risks, the paper might provide more specific examples of sustainable practices that KPK can implement. Considering the experience of other similar projects, such as the China–Laos railway, we could highlight potential measures like creating buffer zones for wildlife protection, utilizing environmentally friendly materials and equipment during construction, and conducting constant environmental monitoring post-construction. These measures have worked to reduce environmental impacts on projects and improve their flow (*Ullah et al., 2023*).

The lack of comprehensive environmental conservation measures may result in ecological issues including as deforestation, habitat deterioration, and soil erosion in several CPEC projects in KPK. Unlike similar projects within the Belt and Road Initiative (BRI), such as the China-Laos Railway, the effective use of sustainable materials in construction, the evaluation of environmental impact, and continuous monitoring have reduced adverse environmental effects (*Bai & Weng, 2023*). By integrating these particular approaches, we may enhance the coordination of infrastructure development and environmental conservation during the expansion of CPEC, in accordance with the sustainable development goal.

Comparative Analysis of BRI Projects

The paper utilises the China-Laos railway as a case study to derive broader conclusions about infrastructure development within the BRI framework. Expanding the analysis to include additional case studies would enhance its comprehensiveness. For instance, comprehending the business aspects of how the China-Laos project effectively integrated into the community, developed the local workforce, and addressed environmental issues could prove to be beneficial. Likewise, studying the case of the development of Gwadar port in Pakistan could have provided lessons on how to reduce dependence on foreign technical experts and funds (*Rahman et al., 2023*). The analysis of these cases reveals practices that KPK might adopt, such as the gradual implementation of local training initiatives or environmentally beneficial constructions that require local agency over time.

Geopolitical Complexities

The geographical proximity of KPK to Afghanistan and other unstable regions highlights the geostrategic importance of CPEC (*Smith, 2018*). The paper clearly outlines the geographical effects, but it could benefit from further elaboration on the specific policy moves available for Pakistan. Pakistan could boost its foreign policy by developing bilateral relations in the context of economic and security with the United States and India, as well as having positive relations with China. Pakistan must build upon the superior status it enjoys because of being a member country on many international and regional forums like the SCO to create for itself a position of a suitable regional policy to link the positive impacts of CPEC. It would certainly help Pakistan to gain a stronger position in the international system and it would address future geopolitical concerns regarding the continuous enlargement of CPEC.

Theoretical Framework and Research Methodology

We used conventional research that aimed to integrate both qualitative and quantitative methods. To enhance the socio-cultural and economic analysis of the website, it is necessary to incorporate the opinions of a wider range of residents. Including cases or data from case studies or other reports that mentioned reports of public opinion conducted among local people, businessmen, and leaders, and so on, would be more realistic in terms of revealing the impact of CPEC (*Zulfaqar et al., 2023*). Presenting these voices could expose societal attitudes and discover approval or apprehension, as

well as demonstrate the role and effect on people's every day and conventional practices. This addition would expand the analysis and bring the results closer to the community context, which would be beneficial. The use of graphs or charts can add value to quantitative outcomes, thus making their importance evident. Comparing the GDP changes before and after the signing of the CPEC, and explaining them along with the anticipated employment generation in a line chart, appears promising and aids in creating a meaningful economic impression. Further, graphs illustrating environmental indicators or public perceptions of an issue would help the reader easily understand advanced information. Such depictions would further support the analysis and broaden the paper's conclusion. We employed a thematic analysis technique to analyze the responses and partition them into socio-economic, sociocultural, environmental, or geopolitical categories.

Findings and analysis

Socio-Economic Benefits

The economic forecasts show that CPE's infrastructure development projects may add as much as 5 percent to KPK's GDP and contribute around \$1,2 billion to the gross provincial product by the next 10 years. The Havelian-Thakot Motorway and Rashakai SEZ are considered the two growth enablers that aid in increasing connectivity and promoting the market for local industries (*Zulfaqar et al., 2023*). Using employment growth projections, the garment sector plans to add up to 100,000 new jobs across various industries for socio-economic development and poverty alleviation. MT asserts that infrastructural development, a component of CPEC, enhances society and contributes to economic modernization (Dorosh et al., 2023). According to Dependency Theory, certain constraints, such as reliance on Chinese funding and expertise, hinder the development of local capacity (Gao et al., 2023). Vocational training and other employment-type skill development projects contribute to the improvement of local talent and sustain the financial freedom of the labor force (Steedle, 2019).

Socio-Cultural Impacts

The focus groups placed a more diverse emphasis on the anticipated socio-cultural implications of CPEC's expansion. These impacts are meaningful; however, looking at how such projects in comparable contexts addressed such challenges provides real-life insights. For instance, socio-cultural transformations positively impacted the provision of community training programs and workshops. To get a better sense of sociocultural effects, we need to look more closely at how the Malaysian context might change in the future. This encompasses the potential impact on the traditions, culture, and way of life of the local population, as well as the potential changes in conflict resolution strategies for both locals and foreign workers. Experts' experiences and recommendations, along with the selection of comparable cases from large-scale project development like the China-Laos railway, provide valuable insights (*Bai & Weng, 2023*). These examples could illustrate how successful cultural integration strategies, community training programs, or intercultural workshops have helped manage social changes. Such analysis would enhance the paper's examination of CPEC's potential socio-cultural impacts in KPK, ensuring a more comprehensive outlook. While 60% of participants expressed optimism about modernization, 40% feared cultural erosion and social friction due to an estimated 15% rise in the foreign worker population. Enumerated here is cultural and contextual relevance and community participation in implementing the solutions derived from the study. The study suggested measures to enhance social inclusion, such as intercultural preparation for migrants and refugees and similar project-based societally inclusive processes.

Environmental Concerns

A quantitative evaluation of environmental audits shows substantial hazards to the terrestrial ecosystem, including the anticipated deforestation of 2,500 hectares and other threats to

intensifying airborne pollutants. We expect some construction activities associated with the Havelian-Thakot Motorway to impact species variation (*Tian et al., 2019*). The ecological factor was important to environmentalists, who insisted on strong policies of environmental protection, constant monitoring of the environment, and adherences to green solutions. The comparison with the China-Lao Railway leads to the argument that we could implement some sustainability measures, like using green construction materials and buffer areas, to promote economic development and simultaneously manage the environment (*Fernández-Aguilar, Brosed-Lázaro, & Carmona-Derqui, 2023*).

Geopolitical Dynamics

Power Transition Theory postulates that the expansion of CPEC is increasing the capability of China in South Asia in a manner that may precipitate a shift in the current hegemon structure (*Rodin, 2022*). The US and India perceive China's increasing influence through CPEC as a security threat or a threat to regional sovereignty. Comparative analysis with similar BRI projects shows that China's infrastructure investments often reshape local alliances, as seen in Southeast Asia with the China-Laos railway (*Xue et al., 2021*). Pakistan's integration with CPEC requires a nuanced approach to foreign policy, balancing relations with neighboring countries while fostering economic gains.

Conclusion

The further expansion of CPEC into the KPK province holds the ability to dramatically change the provincial economy, offering the province the possibility to increase GDP per capita, employment opportunities, and optimization of connectivity. Nevertheless, realization of sustainable development in KPK requires action to prevent potential negative impacts on socio-cultural, environmental, and geopolitical spheres. This study provides a comprehensive understanding of CPEC's multi-dimensional impact, integrating theoretical perspectives to assess both opportunities and risks.

Policy Recommendations:

Foster Local Industry Development: Support the growth of local industries to reduce dependency on foreign capital by incentivizing small and medium-sized enterprises (SMEs) to participate in CPEC-related projects.

Implement Environmental Safeguards:

Advocate for rigorous environmental inspections and the adoption of sustainable construction materials and pollution standards.

Strengthen Security and Diplomacy:

Collaborate with regional security organisations to maintain stability in troubled areas, while enhancing diplomatic relations with China, the United States, and India. **Develop Skills Training Programs:** Open technical colleges to train local human resources for technocrats who could take advantage of likely employment opportunities in CPEC projects and promote self-reliance.

Future Research

Directions Qualitative cross-sectional studies comparing the annual impacts of CPEC on KPK's socio-economic structure and environmental condition would improve knowledge of sustainable development in BRI-associated areas. Additional investigation into analogous initiatives within the framework of the Belt and Road Initiative, including the China-Laos Railway, may provide insights into managing geopolitical competition and promoting sustainable development. This research study will definitely help future researchers in terms of data, analyses and findings. Yet,

the social, political and economic conditions have to change from time to time and so is the case with KP region and its neighborhood. Therefore, further research studies are recommended for creating and disseminating new knowledge and avenues.

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